



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
11/351,881	02/10/2006	Thomas B. Taylor	5924-04200	1221

35690 7590 07/19/2017
MEYERTONS, HOOD, KIVLIN, KOWERT & GOETZEL, P.C.
P.O. BOX 398
AUSTIN, TX 78767-0398

EXAMINER

LEVINE, ADAM L

ART UNIT	PAPER NUMBER
----------	--------------

3625

NOTIFICATION DATE	DELIVERY MODE
-------------------	---------------

07/19/2017

ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

patent_docketing@intprop.com
ptomhkg@gmail.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte THOMAS B. TAYLOR, MARK PEREIRA,
DAVID L. BALLENGER, RICHARD D. TEMER, and
JOSHUA B. SANDBULTE¹

Appeal 2016-005550
Application 11/351,881
Technology Center 3600

Before ERIC S. FRAHM, KRISTEN L. DROESCH, and
MATTHEW J. McNEILL, *Administrative Patent Judges*.

FRAHM, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–5, 8–12, 14–20, 23–28, 30–36, 39–43, 45, 46, and 92–94, which constitute all of the claims pending in the application.² The Examiner rejected claims 1–5, 8–12, 14–20, 23–28, 30–36, 39–43, 45, 46, and 92–94 under 35 U.S.C. § 101 based on a determination that the claimed invention is directed to non-statutory subject matter. We have

¹ Appellants identify Amazon Technologies, Inc. as the real party in interest. App. Br. 2.

² Claims 6, 7, 13, 21, 22, 29, 37, 38, 44, and 47–91 have been canceled.

jurisdiction under 35 U.S.C. § 6(b). Because we conclude all of the pending claims are drawn to a fundamental economic practice, we affirm.

STATEMENT OF THE CASE

Introduction

Appellants state that the described invention relates “to computer-implemented registration for inventory management services and, more particularly, to computer-implemented techniques for offering inventory fulfillment services to merchants.” Spec. ¶ 1. Appellants disclose that a registration interface 200 is configured to interact with a database 210 as part of a fulfillment services registration interface presented to a merchant 40 and implemented within an inventory management system 30 in a fulfillment center 10. Spec. ¶ 30, Fig. 2A.

Claims 16 and 18 are representative and reproduced below (with the disputed limitations *emphasized*, and formatting added):

16. A method, comprising:

authenticating a merchant’s login via a computer-implemented registration interface;

receiving, from said merchant, a request to register to receive inventory fulfillment services from a fulfillment services provider for an inventory item,

wherein said request to register to receive inventory fulfillment services is received via said computer-implemented registration interface after said merchant’s login and is received prior to the fulfillment services provider receiving the inventory item; and

*wherein the inventory fulfillment services include the fulfillment services provider storing the inventory item for the merchant, and in response to *receiving an order* for the item, the fulfillment services provider*

shipping the item to a customer with the merchant as the merchant of record;

prior to the fulfillment services provider providing the inventory fulfillment services for customer orders of the inventory item, one or more computers determining whether to grant the request, dependent at least in part upon an eligibility of said merchant to receive said inventory fulfillment services or an upon an eligibility of said inventory item for said inventory fulfillment services; and

in response to said one or more computers determining to grant the request, providing to said merchant via said computer-implemented registration interface information for conveying units of said inventory item to said fulfillment services provider subsequent to said merchant becoming registered with the fulfillment services provider for the inventory fulfillment services.

18. The method as recited in claim 16, further comprising:

receiving an order placed by a customer for one or more units of said inventory item offered in commerce by said merchant; and

in response to determining that said order is eligible for a promotional opportunity, instructing that said one or more units be shipped to said customer under terms of said promotional opportunity.

Rejection on Appeal

Claims 1–5, 8–12, 14–20, 23–28, 30–36, 39–43, 45, 46, and 92–94 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. Final Act. 3–8; Ans. 2–15.

ANALYSIS

We have reviewed the Examiner’s rejection in light of Appellants’ arguments in the Briefs. For the reasons discussed *infra*, as well as the reasons provided by the Examiner in the Final Rejection (Final Act. 3–8),

the Advisory Action (Adv. Act. 2), and the Examiner’s Answer (Ans. 2–15), we are not persuaded by Appellants’ arguments (App. Br. 8–39; Reply Br. 2–16) that the Examiner erred in rejecting claims 1–5, 8–12, 14–20, 23–28, 30–36, 39–43, 45, 46, and 92–94 under 35 U.S.C. § 101.

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289, 1300 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice Corp.*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts,” *id.*, e.g., to an abstract idea. For example, abstract ideas include, but are not limited to, fundamental economic practices, methods of organizing human activities, an idea of itself, and mathematical formulas or relationships. *Id.* at 2355–57. If the claims are not directed to a patent-ineligible concept, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Alice Corp.*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1297–98). For claims

to pass muster, “at step two, an inventive concept must be evident in the claims.” *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 132 S. Ct. at 1293. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.

Here, in rejecting the claims under 35 U.S.C. § 101, the Examiner finds that claims 1–5, 8–12, 14–20, 23–28, 30–36, 39–43, 45, 46, and 92–94 are directed to forming relationships between parties (i.e., forming business relationships) by communicating and approving requests for services, and exchanging information necessary to implement the relationship when the request is granted and provide services, which is a fundamental economic or commercial practice and, therefore, an abstract idea. Final Act. 6–8; *see also* Ans. 12–13. The Examiner also finds the claims do not include limitations that are “significantly more” than the abstract idea because the claims do not include an improvement to another technology or technical field, an improvement to the functioning of the computer itself, or meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment. Final Act. 8; Ans. 14–15.

Claims 1, 4, 5, 8–12, 14–17, 19, 20, 23–28, 30–32, 35, 36, 39–43, 45, 46, and 92–94

Appellants argue that the Examiner has failed to make a *prima facie* case of unpatentability because the Examiner’s identification of an abstract idea in the claims is facially insufficient and conclusory. App. Br. 13–17.

There is, however, no requirement that the Examiner provide any such evidence in order to make a prima facie case under § 101. Instead, the Federal Circuit has held that the USPTO carries its procedural burden of establishing a prima facie case when its rejection satisfies the requirements of 35 U.S.C. § 132 by notifying the applicant of the reasons for rejection, “together with such information and references as may be useful in judging of the propriety of continuing the prosecution of [the] application.” *See In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011) (alteration in original). Here, in rejecting claims 1–5, 8–12, 14–20, 23–28, 30–36, 39–43, 45, 46, and 92–94 under § 101, the Examiner notified Appellants of the reasons for the rejection “together with such information . . . as may be useful in judging of the propriety of continuing the prosecution of [the] application.” 35 U.S.C. § 132. Although Appellants also argue the Examiner failed to make a prima facie case by not addressing the language of the claims (*see* App. Br. 13–17), we note the Examiner did address each independent claim. *See* Final Act. 7–8; *see also* Ans. 7–11, 14. The Examiner states a general, and adequate, rationale that applies to system and computer medium claims 1 and 32, as well as method claim 16. Thus, we find that the Examiner set forth a prima facie case of unpatentability.

Appellants’ arguments (App. Br. 11–12; *see also* App. Br. 30; Reply Br. 4–5) that the claims recite something significantly more than abstract fundamental economic practices because “a merchant *may be able* to register for fulfillment services from a fulfillment services provider **and** receive information for conveying units of said inventory item to the fulfillment services provider through an interface that *acts as a* **single** channel for performance of various claimed tasks” (App. Br. 11)(italics added), are not

persuasive inasmuch we agree with the Examiner (Final Act. 4; Ans. 12) that the claims on appeal do not actually recite or limit “communication channels” in any manner. Instead, we find the independent claims to each be directed toward “one or more processors” that “implement an inventory management system” via “a registration interface” (claim 1), a “computer-implemented registration interface” (claim 16), and a “computer-accessible medium” having instructions allowing a merchant to interact with a “registration interface” in order to provide “inventory fulfillment services” (claim 32). Simply put, Appellants’ disclosed and recited invention boils down to a registration interface 200 (*see* Figs. 2A, 2B) that performs the fundamental economic practices of inventory management and inventory fulfillment (e.g., storing, conveying, shipping inventory, etc.). *See* Spec. ¶¶ 30, 31.

Step One of *Alice*

Regarding step one of *Alice*, *Enfish* held that the “directed to” inquiry asks not whether “the claims *involve* a patent-ineligible concept,” but instead whether, “considered in light of the specification, . . . ‘their character as a whole is directed to excluded subject matter.’” *Enfish*, 822 F.3d at 1335. Regarding improvements to computer-related technology, the Court in *Enfish* held as follows:

We do not read *Alice* to broadly hold that all improvements in computer-related technology are inherently abstract and, therefore, must be considered at step two. Indeed, some improvements in computer-related technology when appropriately claimed are undoubtedly not abstract, such as a chip architecture, an LED display, and the like. Nor do we think that claims directed to software, as opposed to hardware, are inherently abstract and therefore only properly analyzed at the second step of the *Alice* analysis. Software can make non-

abstract improvements to computer technology just as hardware improvements can, and sometimes the improvements can be accomplished through either route. We thus see no reason to conclude that all claims directed to improvements in computer-related technology, including those directed to software, are abstract and necessarily analyzed at the second step of *Alice*, nor do we believe that *Alice* so directs. Therefore, we find it relevant to ask whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea, even at the first step of the *Alice* analysis.

Enfish, 822 F.3d at 1335. Thus, we determine whether the claims “focus on a specific means or method that improves the relevant technology” or are “directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016).

In this light, we are not persuaded by Appellants’ arguments that the claims as a whole are not directed to an abstract idea. As discussed *supra*, independent claims 1, 16, and 32 are primarily directed to the function of the registration interface 200 (*see* Figs. 2A, 2B; Spec. ¶¶ 30, 31; *see also* App. Br. 4–6), which can be implemented with a general purpose computer. In addition, we agree with the Examiner that the claims are directed to forming relationships between parties (i.e., forming business relationships) by communicating and approving requests for services, and exchanging information necessary to implement the relationship when the request is granted and provide services, which are fundamental economic or commercial practices. Final Act. 6–8; *see also* Ans. 12–13. We also agree with the Examiner that “[r]eciting an abstract idea [(i)] in greater detail does not render it less abstract” (Final Act. 3); and (ii) [r]eciting a large number of abstract ideas does not render any one of them, nor the combination of them,

any less abstract” (Final Act. 4; *see also* Ans. 5). Thus, we conclude the claims are drawn to little more than automating the abstract idea of authenticating a merchant and granting the merchant’s request to register in order to allow the merchant to receive inventory fulfillment services (e.g., storing and shipping inventory) prior to providing fulfillment services (e.g., shipping units from inventory to customers) for customer orders, which we conclude is a fundamental economic practice and, therefore, constitutes patent-ineligible subject matter. *See Alice*, 134 S. Ct. at 2357; *Bilski v. Kappos*, 561 U.S. 593, 611 (2010); *Enfish*, 822 F.3d at 1335 (“fundamental economic and conventional business practices are often found to be abstract ideas, even if performed on a computer”).

Specifically, we agree with the Examiner because the numerous claim limitations recite generally the use of a general purpose computer including a system with a memory, processor, and “registration interface” (claims 1, 4, 5, 8–12, 14, 15, and 92–94); and a computer accessible medium (claims 32, 35, 36, 39–43, 45, and 46) to provide inventory management/fulfillment services (method claims 16, 17, 19, 20, 23–28, 30, and 31). Thus, we find the claims are not directed to an improvement to computer functionality, but are directed to an abstract idea.

Appellants’ arguments (Reply Br. 3–4) that (i) the courts have declined to define abstract ideas; (ii) the Examiner has failed to provide Appellants sufficient notice identifying any abstract ideas by way of comparison to concepts already found to be abstract; and (iii) no court has identified a fundamental *commercial* practice as ineligible, are not persuasive. Specifically, at least the following decisions from our reviewing court have found many types of fundamental commercial practices patent

ineligible: *OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 701 (mem) (2015) (offer-based price optimization); *buySafe, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014) (transaction guaranty); *Personalized Media Communications, L.L.C. v. Amazon, Inc.*, 671 F. App'x. 777 (mem) (Fed. Cir. 2016) (receiving instructions for ordering); *Macropoint, LLC v. Fourkites, Inc.*, 671 F. App'x 780 (mem) (Fed. Cir. 2016) (tracking freight); *Wireless Media Innovations, LLC v. Maher Terminals, LLC*, 636 F. Appx. 1014 (mem) (Fed. Cir. 2016) (monitoring shipping containers); *America's Collectibles Network Inc. v. Jewelry Channel, Inc. USA*, 672 F. App'x 997 (mem) (Fed. Cir. 2017) (conducting reverse auction by adjusting price and inventory); and *EasyWeb Innovations, LLC v. Twitter, Inc.*, No. 2016-2066, 2017 WL 1969492 (Fed. Cir. 2017) (receiving, authenticating, and publishing data). In this light, the inventory management and fulfillment services recited in the claims on appeal (such as authenticating a merchant and receiving orders for, storing, and shipping/conveying inventory items) are commercial practices that are economic and fundamental in nature.

Step Two of *Alice*

Regarding step two of *Alice*, Appellants argue that the independent claims recite “significantly more” than any alleged abstract idea(s) because they go beyond conventional computer operations and improve the technology area of providing inventory management and fulfillment services. *See generally* App. Br. 21–36. More specifically, Appellants contend the claims are drawn to more than an abstract idea by actually storing and shipping inventory items (App. Br. 23); providing a merchant information for conveying units via a registration interface (App. Br. 23);

combining the steps of (i) allowing a merchant to provide inventory fulfillment services based on an eligibility determination, and (ii) providing information to the merchant for conveying units of inventory items with the other claimed elements (App. Br. 25–27); and providing a registration interface that includes a new way of communicating and approving requests for services and information exchange needed to grant a request to provide services (App. Br. 27–29). We are not persuaded by Appellants’ arguments. Although the claims recite multiple computer operations, they do not provide details of how these operations are performed and, therefore, they do not go beyond conventional computer operations or affect computer interface and inventory management technology. In other words, we are not persuaded that the operations in the claims are an improvement to any *technology* as opposed to an improvement to a fundamental economic practice.

As the Examiner finds, and we agree, the claims merely recite a computing system, processor, or medium with instructions to perform basic commercial/economic functions of forming relationships between parties (i.e., forming business relationships) by communicating and approving requests for services, and exchanging information necessary to implement the relationship when the request is granted and provide services. Final Act. 6–8; *see also* Ans. 12–13. Given that the claims are directed to the fundamental economic practice of authenticating a merchant and granting the merchant’s request to register to receive inventory fulfillment services (e.g., storing and shipping inventory) prior to providing fulfillment services (e.g., shipping units from inventory to customers) for customer orders, the claimed elements of (i) a generic “system” with “memory” and a

“processor” (*see e.g.*, claim 1); and (ii) a computer-accessible medium that stores instructions (claim 32), are not enough to transform the abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2358. Considering the claims elements individually and as an ordered combination, the claims do no more than simply instruct the practitioner to implement the abstract idea on a generic computer or processor. *Id.* at 2359; *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333–34 (Fed. Cir. 2012) (“Simply adding a ‘computer aided’ limitation to a claim covering an abstract concept, without more, is insufficient to render [a] claim patent eligible.”).

Preemption

Finally, we are not persuaded by Appellants’ conclusory arguments that the claims do not preempt others from the whole field identified by the Examiner of “forming a relationship between a merchant and an inventory fulfillment services provider by communicating and approving requests for services, and exchanging information necessary to grant the request and provide the service.” App. Br. 20; *see also* App. Br. 19–21; Reply Br. 6–7. Preemption is not a separate test, but is inherently addressed within the *Alice* framework. *See Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (“While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.”).

Accordingly, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of independent claims 1, 16, and 32, as well as dependent claims 4, 5, 8–12, 14, 15, 17, 19, 20, 23–28, 30, 31, 35, 36, 39–43, 45, 46, and 92–94 not

argued separately, except based on their dependence on each respective independent claim.

Claims 2, 3, 18, 33, and 34

Dependent claims 2, 3, 18, 33, and 34 recite the additional step of “instructing” units/items be shipped. *Instructing* items to be shipped is also a fundamental economic and commercial practice that is merely a derivative of the act of shipping items, in addition to being post-solution activity occurring after the inventory management and fulfillment services being provided in the independent claims. Therefore, we are not persuaded by Appellants’ arguments that shipping, or instructing to ship, items is a material implementation having real and tangible effects outside a computer, and thus provides an application of the abstract concept of inventory management and fulfillment services with a new and useful end that should be patent eligible. *See* App. Br. 36–38. Furthermore, our reviewing court has previously found that receiving *instructions* for ordering is an abstract idea that is patent-ineligible. *See Personalized Media Commc’ns, L.L.C. v. Amazon, Inc.*, 671 F. App’x 777 (mem) (Fed. Cir. 2016).

Accordingly, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of dependent claims 2, 3, 18, 33, and 34.

DECISION

We affirm the Examiner’s decision rejecting claims 1–5, 8–12, 14–20, 23–28, 30–36, 39–43, 45, 46, and 92–94 under 35 U.S.C. § 101.

Appeal 2016-005550
Application 11/351,881

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1).

AFFIRMED